



Agri-News

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World Grain Supply and Demand Estimates

COARSE GRAINS: U.S. corn, sorghum, and oats supply and use projections for 2006/07 are all unchanged this month. Barley exports for 2006/07 are raised 5 million bushels reflecting the pace of export shipments and sales for the marketing year. Barley ending stocks are lowered correspondingly. Corn and sorghum prices are both raised 10 cents on both ends of their respective ranges to \$2.90 to \$3.30 per bushel. Barley and oats prices are unchanged.

Global 2006/07 coarse grain production is raised to 969 million tons, up 4.5 million tons from last month. Much of this increase results from higher corn production in Argentina and Brazil where area is raised in both countries due to recently favorable weather and the sharp rise in world corn prices. Corn production for Argentina and Brazil is raised 1.5 million tons and 1 million tons, respectively. Corn production is also raised 0.5 million tons in Canada, Russia, South Africa, and Ukraine. Partially offsetting these increases is a 0.6 million ton reduction in Croatia's corn output. The projected increase in South Africa reflects higher prices and adequate early season moisture that is expected to boost plantings. Corn production for Canada is raised based on recent estimates from Statistics Canada, which also lowered oat production 0.2 million tons. Changes for Croatia, Russia, and Ukraine are based on updated harvest results.

World coarse grain consumption and trade are raised this month. The largest increases in consumption are for Argentina and EU-25 corn. The increase for Argentina is driven by higher expected feed use. The rise in EU-25 consumption is consistent with higher imports and lower exports. High EU-25 grain prices are allowing intervention stocks to move into consumption. The largest export increases are projected for Argentina and Brazil where higher corn production will increase exportable supplies. Global coarse grain ending stocks are raised

2.5 million tons as corn stocks expand, especially in South Africa, Brazil, and EU-25.

OILSEEDS: Total U.S. oilseed production is projected at 97.0 million tons, down fractionally due to a slight reduction in cottonseed. Soybean supply and use projections for 2006/07 are unchanged from last month. Soybean ending stocks for 2006/07 are projected at a record 565 million bushels, up 26 percent from 2005/06. Soybean oil supply, use, and ending stocks for 2006/07 are all raised this month. Despite unchanged soybean crush, soybean oil production is increased due to a higher projected extraction rate.

U.S. season-average soybean prices for 2006/07 are projected at \$5.70 to \$6.50 compared with \$5.40 to \$6.40 last month. Soybean meal prices are unchanged at \$165 to \$190 per short ton. Soybean oil prices are projected at 26 to 29 cents per pound compared with 24 to 28 cents last month.

Global oilseed production for 2006/07 is projected at 395.5 million tons, up 3 million tons from last month. Foreign oilseed production accounts for most of the change with increases for soybeans, rapeseed, and sunflowerseed more than offsetting reductions for cottonseed. Argentina soybean production is increased 0.7 million tons to a record 42 million tons based on increased area as producers respond to higher prices. Canadian rapeseed production is raised 0.6 million tons to a record 9.1 million tons, based on the latest survey results from Statistics Canada. Canada's soybean crop is also increased this month based on the survey. Ukraine sunflowerseed production is increased to 5.0 million tons due to higher yields. Other changes include increased soybean production for India, increased cottonseed production for China, reduced cottonseed production for Australia, and increased palm kernel production for Indonesia.

U.S. Corn Supply and Demand

CORN	2004-2005	2005-2006 (Est.)	2006-2007 ¹ Projections November
	<i>Million Bushels</i>	<i>Million Bushels</i>	<i>Million Bushels</i>
Beginning Stocks	958	2,114	1,971
Production	11,807	11,112	10,745
Imports	11	9	10
Supply, total	12,776	13,235	12,725
Feed & Residual	6,158	6,136	6,050
Food, Seed & Industrial	2,686	2,981	3,540
Domestic, total	8,844	9,117	9,590
Exports	1,818	2,147	2,200
Use, total	10,662	11,264	11,790
Ending Stocks, total	2,114	1,971	935
Avg. farm price (\$/bu)	2.06	2.00	2.90-3.30

U.S. Soybean Supply and Demand

SOYBEANS	2004-2005	2005-2006 (Est.)	2006-2007 ¹ Projections November
	<i>Million Bushels</i>	<i>Million Bushels</i>	<i>Million Bushels</i>
Beginning Stocks	112	256	449
Production	3,124	3,063	3,204
Imports	6	3	4
Supply, total	3,242	3,322	3,657
Crushings	1,696	1,739	1,780
Exports	1,097	947	1,145
Seed	88	93	91
Residual	104	95	75
Use, total	2,986	2,874	3,091
Ending stocks	256	449	565
Avg. farm price (\$/bu)	5.74	5.66	5.70-6.50

¹ Preliminary

¹ Preliminary

ECONOMIST CORNER

Livestock by John Lawrence and Grains by Robert Wisner
Iowa Cooperative Extension Service – Ames

Livestock: Corn costs continue to be a point of concern for livestock feeders. Cattle feeders responded to the mid harvest price run-up by reducing the number of new cattle placed in feedlots, and the feeder cattle market made a pronounced decline. Despite fewer new cattle being placed, the number of cattle on feed was at a decade high for November first. A large number of cattle were placed in feedlots during the summer months, so there will be plenty of cattle reaching a finished weight over the next several weeks. Meanwhile, slaughter weights are expected to level off or decline as the cost of gain increases with the cost of corn. On the market side, the price of fed cattle has remained fairly constant since October. Stable domestic demand and additional beef exports to Mexico and Canada have helped add support to the market.

There has also been justifiable concern about the impact increased corn prices will have on swine production profitability. Although most farrow-to-finish producers will continue to sell hogs at a profitable level for the next several months, the increased costs of feed will continue to erode profit margins as the percentage of time on “expensive” corn increases. The hog market has recently improved, but not sufficiently to offset the long-run cost of \$3-4/bushel corn. Poultry supplies have put negative pressure on the pork market as consumers have had the option, at present, to buy the cheap alternative white meat. The swine industry’s expansion for the past two years will likely slow or even plateau as producers face the uncertainty surrounding future costs of production. The next quarterly hog and pig report, due in late December, may reflect some of the initial reaction to the increased cost of feed.

Grain: Between now and planting time, corn prices will continue to reflect the need for a sharp increase in 2007 corn acreage to supply the rapidly growing demand for ethanol. In the current September-August marketing year, corn processing for ethanol is projected to be 34 percent larger than last season. Based on plants under construction or currently being expanded, we expect corn processing for ethanol to increase 32 to 40 percent annually for the next two years. No one knows how high corn prices will need to be to bring a 10 to 12 percent increase in next year’s corn acreage. That’s about what grain trade analysts anticipate is the minimum amount needed. Look for volatile corn prices for the next several months, with at least brief periods between now and April when prices attempt a retest of recent highs. Recent weakness in corn prices reflects adjustment in commodity fund positions for year-end tax purposes. Prices also were weakened some by rumors that the USDA might release some CRP land for planting in 2007. So far, that is just a rumor. The first year that CRP land is brought back into production, it often is planted to soybeans rather than corn.

Prospects for a large shift of soybean acreage to corn have supported soybean prices, despite prospects for a 9 to 10 week supply in carryover stocks at the end of August. With a decrease in 2007 plantings, soybean stocks likely will start to decline in 2008-09 and following years. The amount of decrease will depend on South American crops. Prospects in Brazil and Argentina look quite favorable at this writing.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA			U.S.	
		Nov ¹ 2005	Oct ¹ 2006	Nov ² 2006	Oct ¹ 2006	Nov ² 2006
-----Dollars-----						
Corn	Bu	1.74	2.42	3.10	2.54	3.12
Oats	Bu	1.84	1.76	1.76	1.77	1.97
Soybeans	Bu	5.58	5.49	6.15	5.52	6.15
Alfalfa, baled	Ton	81.00	83.00	86.00	112.00	109.00
All Hay, baled	Ton	80.00	82.00	85.00	107.00	106.00
All Hogs	Cwt	44.90	48.30	45.90	46.50	44.50
Sows	Cwt	37.70	38.00	37.00	36.90	36.10
Brw & Gilts	Cwt	45.00	48.50	46.00	47.00	44.80
Beef Cattle	Cwt	93.50	86.80	84.70	88.50	84.40
Cows	Cwt	47.10	48.50	45.00	45.90	43.70
Strs & Hfirs	Cwt	94.40	87.60	85.50	94.00	90.00
Calves	Cwt	133.00	115.00	105.00	127.00	119.00
Milk Cows ³	Hd	-	1,640.00	-	1,650.00	-
Milk (whls)	Cwt	16.20	13.80	13.90	13.50	13.80
Sheep	Cwt	48.10	40.90	-	31.10	-
Lambs	Cwt	91.10	91.50	-	98.10	-
Eggs (mkt)	Doz	0.433	0.322	0.610	0.382	0.675

¹ Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. ² All prices are mid-month. ³ Prices published January, April, July, and October.

Prices Received Index Summary Table

Prices Received	IOWA			UNITED STATES		
	Nov 2005	Oct 2006	Nov ¹ 2006	Nov 2005	Oct 2006	Nov ¹ 2006
1990-92=100 ²						
Prices rec'd	102	109	113	112	116	121
Crops	87	104	126	105	115	125
Oil Bearing	100	99	110	99	95	108
Feed Grains	79	108	137	83	116	137
Lvstk	117	109	100	121	117	116
Meat Anim	119	114	111	120	118	112
Poult & Eggs	91	78	-	127	124	133
1910-14=100 ³						
Prices rec'd	-	-	-	713	735	768
Crops	-	-	-	516	567	618
Oil Bearing	-	-	-	539	521	590
Feed Grains	-	-	-	297	414	491
Lvstk	-	-	-	928	894	889
Meat Anim	-	-	-	1,222	1,200	1,142
Poult & Eggs	-	-	-	341	331	357

¹ Preliminary ² 1990-92=100 reference replaced 1997=100 in January 1995.

³ Iowa figures for 1910-14=100 base not available.

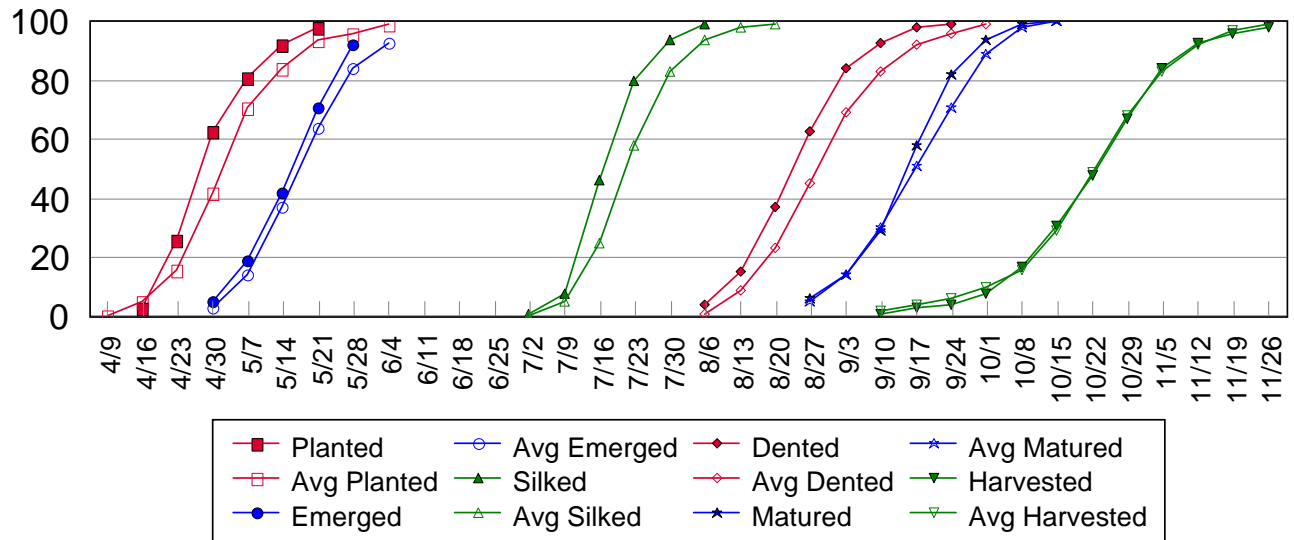
U.S. Prices Paid Index Summary

Prices Paid	Nov 2005	Oct 2006	Nov 2006	Nov 2005	Oct 2006	Nov 2006
	1990-92=100			1910-14=100		
Prices Paid ¹	142	146	146	1,892	1,940	1,939
Feed	115	128	135	562	625	660
Fertilizer	180	166	164	670	620	611
Fuels	223	205	204	1,721	1,585	1,575
Chemicals	127	129	127	747	758	746
Lvstk/Poultry	143	132	124	1,824	1,683	1,583
Ratio ²	79	79	83	-	-	-
Parity Ratio ³	-	-	-	38	38	40

¹ Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. ² Received/Paid ³ Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

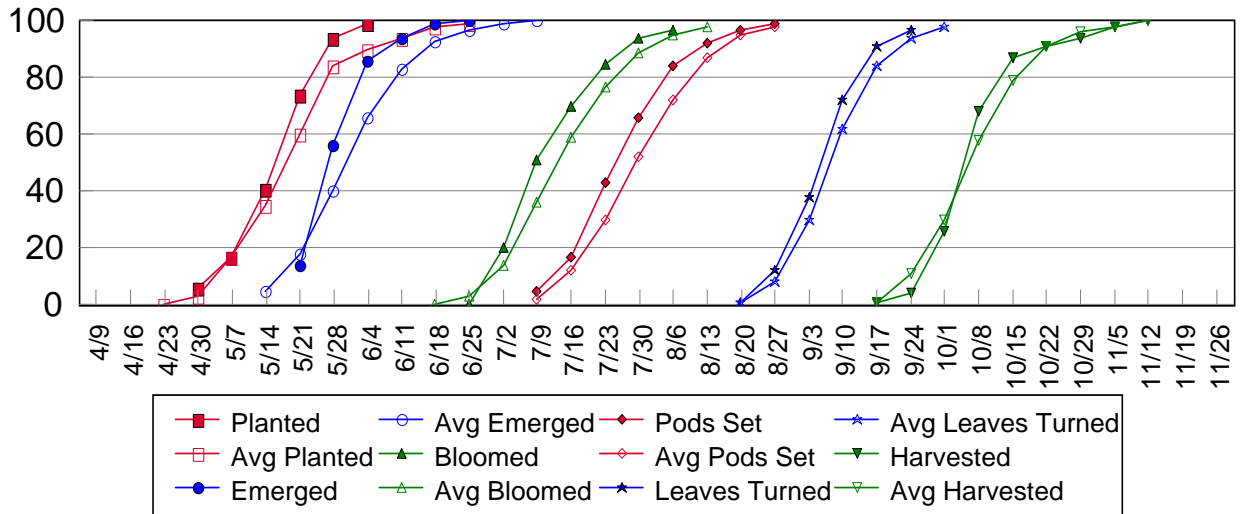
Corn Seasonal Progress 2006

Percent



Soybean Seasonal Progress 2006

Percent



Charts show percent of crop in or past designated stage.
Five-year average includes 2001-2005.

Monthly Marketings

Throughout the year, Iowa publishes monthly prices for corn, soybeans, oats, and hay. The table below is the percent of each crop marketed throughout the marketing year. These percents are the weights that will be used to establish a market year average price for these commodities.

Grain Marketings: Percent of Crop Year Total, By Months, Iowa

Month	All Hay		Oats		Soybeans		Corn	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
June	12	11						
July	5	11	30	45				
Aug.	10	7	32	32				
Sept.	8	8	6	4	5	8	6	6
Oct.	8	6	7	2	15	16	9	10
Nov.	10	12	1	2	7	4	15	10
Dec.	11	14	3	1	7	8	7	7
Jan.	10	11	2	2	9	11	9	12
Feb.	9	8	5	2	12	5	8	8
Mar.	10	6	7	3	14	6	9	7
Apr.	4	3	3	3	8	7	6	7
May	3	3	1	2	5	9	7	7
June			3	2	8	6	9	8
July					5	10	8	10
Aug.					5	10	7	8

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